

### **56.863 Powers and duties of the commission.**

The commission shall have the power and duty to:

- (1) Maintain the records and perform the functions necessary and proper to accomplish the purposes of KRS 56.860 to 56.869;
- (2) Promulgate administrative regulations relating to KRS 56.860 to 56.869;
- (3) Conduct analysis to determine the impact of fluctuating receipts of revenues on the budget of the Commonwealth, fluctuating interest rates upon the interest-sensitive assets and interest-sensitive liabilities of the Commonwealth, and the resulting change in the net interest margin on the budget of the Commonwealth;
- (4) Develop strategies to mitigate the impact of fluctuating receipts of revenues on the budget of the Commonwealth and of fluctuating interest rates on the Commonwealth's interest-sensitive assets and interest-sensitive liabilities;
- (5) Report its findings to the State Investment Commission at least annually to assist the State Investment Commission in developing and implementing its investment strategy. The State Investment Commission shall provide the commission with a copy of its monthly investment income report to aid the commission in developing and implementing its strategies;
- (6) Issue funding notes, project notes, and tax and revenue anticipation notes or other obligations on behalf of any state agency to fund authorized projects or to satisfy judgments;
- (7) Refund any funding notes, project notes, or tax and revenue anticipation notes issued under KRS 56.860 to 56.869 to achieve economic savings, to better match receipts with expenditures, or as a part of a continuing finance program;
- (8) Designate individual employees or officers of the Office of Financial Management within the Office of the Controller as agents for purposes of approving the principal amount of tax and revenue anticipation notes, the interest rate, the discount, maturity date, and other relevant terms of tax and revenue anticipation notes, project notes, and funding notes or refunding notes issued within constraints established by the commission and to execute agreements, including notes and financial agreements, for the commission;
- (9) Enter into financial agreements for the purpose of hedging its current or projected interest-sensitive assets and interest-sensitive liabilities to stabilize the Commonwealth's net interest margin, as deemed necessary by the commission, subject to administrative regulations promulgated by the commission that limit the net exposure of the Commonwealth as a result of these financial agreements;
- (10) Deposit net interest payments and premiums received by the commission under financial agreements into a restricted account, which shall not lapse at the end of the fiscal year but shall continue to accumulate to act as security for these financial agreements. This duty is mandatory in nature. Any accumulated funds in excess of the amount determined by the commission to be necessary to establish this security may be applied to debt service payments, net interest payments, and premiums and expenses related to interest-sensitive liabilities; and
- (11) Report to the Capital Projects and Bond Oversight Committee and the Interim Joint

Committee on Appropriations and Revenue on a semiannual basis, by September 30 and March 31 of each year, the following:

- (a) A description of the Commonwealth's investment and debt structure;
- (b) The plan developed to mitigate the impact of fluctuating revenue receipts on the budget of the Commonwealth and fluctuating interest rates on the interest-sensitive assets and interest-sensitive liabilities of the Commonwealth, including an analysis of the impact that a change in the net interest margin would have on the budget of the Commonwealth. The report due by March 31 of each year shall reflect the strategy for January through June of the fiscal year, and the report due by September 30 shall reflect the strategy for July through December of the fiscal year;
- (c) The principal amount of notes issued, redeemed, and outstanding; and a description of all financial agreements entered into during the reporting period. The report due by March 31 shall include information about agreements entered into from July through December of the fiscal year. The report due by September 30 shall include information about agreements entered into between January and June of the prior fiscal year; and
- (d) A summary of gains and losses associated with financial agreements and any other cash flow strategies undertaken by the commission to mitigate the effect of fluctuating interest rates during each reporting period. The report due by March 31 shall include information about agreements and strategies entered into or undertaken from July through December of the fiscal year. The report due by September 30 shall include information about agreements and strategies entered into or undertaken from January through June of the prior fiscal year.

**Effective:** June 20, 2005

**History:** Amended 2005 Ky. Acts ch. 85, sec. 86, effective June 20, 2005. -- Amended 2004 Ky. Acts ch. 99, sec. 2, effective July 13, 2004. -- Amended 2000 Ky. Acts ch. 46, sec. 22, effective July 14, 2000. -- Created 1997 (1st Extra. Sess.) Ky. Acts ch. 4, sec. 5, effective May 30, 1997.